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SIPDIS, SENSITIVE

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SUBJECT: BELGIAN TRADE WITH IRAN

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Summary

¶1. (U) The trade relationship between Belgium and Iran appears insignificant based on the total value of goods imported and exported; however, the relationship has steadily grown over the past few years, and Belgium does play a large role in Iran's total imports and exports. With over 700 million dollars of exports to Iran in 2008, Belgium is consistently one of the top 15 exporters to Iran. Additionally, according to Iranian sources, an 84 percent increase in imports in 2008 made Belgium Iran's twelfth largest import source. Goods are shipped between the two countries primarily through the Port of Antwerp by the Islamic Republic of Iran Shipping Lines (IRISL). The principle goods traded between the two nations are heavy machinery, plastics, iron and steel, fruits and nuts, and pharmaceutical products. End summary.

Commercial Relations between Belgium and Iran

¶2. (U) Belgium's exports to Iran have remained stable in the past few years but experienced a significant uptick in 2008. Belgium's imports from Iran have substantially increased every year since ¶2002. World Bank figures show a 29 percent increase in Belgian exports to Iran from 2007 -- from 545 million dollars to 703 million dollars in 2008. These figures also show a continued increase in imports from Iran from 267 million dollars in 2007 to 358 million dollars in 2008. The principle products exported to Iran are heavy machinery and equipment and chemical products (particularly fertilizer and pharmaceutical products). The principle imported products are metal products and chemicals (particularly organic chemical products). The level of Belgian investment in Iran remains extremely low; cumulative Belgian direct foreign investment in Iran was 754 million dollars in 2007. The Embassy has not been able to obtain information about the nature of the investment. Belgium's total foreign direct investment in 2007 was 93 billion dollars according to the UN Conference on Trade and Development.

¶3. While trade with Iran is marginal to Belgium as a major European trading country, Belgium is consistently one of the top 15 exporters to Iran. The Islamic Republic News Agency claims that from March 2008 to March 2009 the number of Iranian exports to Belgium increased by 84 percent from the previous year, making Belgium Iran's twelfth largest import source. The article states that exported items included steel bars, pistachio, carpets, caviar, steel products, pipes, melamine, gas condensates, machinery, chemicals, medical instruments, foodstuffs, minerals and agricultural products.
Belgian Trade with Iran through the Port of Antwerp

¶4. (SBU) The trade between Belgium and Iran is heavily reliant upon the Port of Antwerp. Until 2009, Antwerp-based shipping company Ahlers had a subsidiary it jointly owned with the Islamic Republic of Iran Shipping Lines (IRISL), known as IRISL Benelux. IRISL Benelux was the subject of U.S. sanctions along with IRISL itself

because IRISL's profits are reportedly used to finance illegal trade in nuclear items. Ahlers bought out IRISL and changed the name of the company to Antares in 2009. Ahlers is quite interested in shaking off the sanctions and has consulted with the Embassy on how to do that. We have advised them of the proper office through which to request a de-listing, but have not heard whether they have done so. Antares and Ahlers still provide port services to IRISL in Antwerp. IRISL has 72 Iranian ships that enter and leave the port annually -- approximately 6 ships per month. The trade involves large amounts of barge traffic that enter Antwerp from other countries and leave on ships to Iran.

Breakdown of Belgian Exchange

¶5. (U) According to the International Trade Centre, Belgium exported nearly 200 million dollars (28 percent of total exports) of "commodities not elsewhere specified" to Iran in 2008, the largest individual category of exports. After such commodities, Belgium exported 122 million dollars (17 percent) of goods within the sector "nuclear reactors, boilers, machinery;" this category includes different kinds of heavy machinery and equipment, not necessarily related to the nuclear industry. Other important Belgian exports to Iran include plastics, iron and steel, and pharmaceutical products. Significant Iranian imports to Belgium include organic chemicals (43 percent), iron and steel (34 percent), nuts and fruits (8 percent), and plastics (7 percent).

Transactions with Iran

¶6. (U) In May 2007, Belgian investment insurer Ducroire/Delcredere insured a transaction between Iran's Petrochemical Industrial Design Equipments & Parts Manufacturing Company (Pidemco) and Mhng Supply. This transaction supply of capital g of a petrochemical cten year loan (premium of (. Pidemco purchased steelrrostaal

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Piping Supply (now Ferrostaal), a German company based in Essen with a steel-manufacturing plant in Antwerp.

Comment

¶7. (U) The Embassy occasionally hears of individual deals with Iran which are the subject of export license decisions by the governments of Wallonia and Flanders, which have competence for foreign trade and export controls. We have had good cooperation on transactions that cause concern. End comment.

GUTMAN